

MARKET SUMMARY

FX	CLOSE(Asia)	CLOSE(NY)	Daily Δ*	Wkly Δ
JPY	153.98	153.76	▼0.18	▼3.72
EUR	1.0847	1.0856	+0.0010	▼0.0026
AUD	0.6559	0.6548	+0.0010	▼0.0137
SGD	1.3433	1.3426	▼0.0008	▼0.0027
CNY	7.2499	7.2505	+0.0036	▼0.0194
INR	83.72	83.73	+0.02	+0.07
IDR	16297	16290	+40	+100
MYR	4.6538	4.6578	▼0.0035	▼0.0280
PHP	58.37	58.35	▼0.09	+0.00
THB	36.08	36.06	▼0.09	▼0.22

*compared with previous day CLOSE(NY)

Yields	CLOSE	Daily Δ	Wkly Δ
USD (10YR)	4.194%	▼4.7 bp	▼4.5 bp
JPY (10YR)	1.067%	+0.8 bp	+2.3 bp
EUR* (10YR)	2.407%	▼1.0 bp	▼6.0 bp
AUD (5YR)	3.993%	▼0.1 bp	▼1.6 bp
SGD (5YR)	2.953%	+2.7 bp	▼8.3 bp
CNY (5YR)	1.897%	▼0.1 bp	▼6.2 bp
INR (5YR)	6.845%	▼3.8 bp	▼7.8 bp
IDR (5YR)	6.799%	▼0.7 bp	▼4.1 bp
MYR (5YR)	3.568%	▼0.6 bp	▼2.9 bp
PHP (5YR)	6.125%	▼0.9 bp	▼1.0 bp
THB (5YR)	2.366%	▼1.1 bp	▼1.1 bp

* German bunds

Equity Indices	CLOSE	Daily Δ	Wkly Δ
DJIA (US)	40,589.34	+1.64%	+0.75%
N225 (JP)	37,667.41	▼0.53%	▼5.98%
STOXX 50 (EU)	4,862.50	+1.06%	+0.73%
ASX (AU)	4,542.34	+1.35%	+1.54%
STI (SG)	3,426.47	▼0.12%	▼0.61%
SHCOMP (CN)	2,890.90	+0.14%	▼3.07%
SENSEX (IN)	81,332.72	+1.62%	+0.90%
JSE (ID)	7,288.17	+0.66%	▼0.09%
KLSE (MY)	1,612.88	▼0.14%	▼1.45%
PSE (PH)	6,726.01	+0.84%	▼0.97%
SET (TH)	1,307.21	+1.21%	▼0.75%

Commodity	CLOSE	Daily Δ	Wkly Δ
CRB	277.40	▲0.82%	▲1.06%
COPPER (LME)	8,995.45	▲0.09%	▲2.00%
IRON ORE (CN)	106.12	+0.35%	▲1.01%
GOLD	2,387.19	+0.96%	▲0.57%
OIL (WTI)	77.16	▼1.43%	▼3.71%

TODAY'S COMMENTS & FORECAST

Open

USD/JPY	154.14	EUR/USD	1.0853
USD/SGD	1.3430	USD/THB	35.93
JPY/SGD	0.8713	USD/MYR	4.657

Forecast

USD/JPY	152.00 - 156.50
EUR/USD	1.0780 - 1.0910
AUD/USD	0.6500 - 0.6600
USD/SGD	1.3390 - 1.3460
JPY/SGD	0.8556 - 0.8855
USD/CNH	7.2200 - 7.2800
USD/INR	83.60 - 83.90
USD/IDR	16200 - 16350
USD/MYR	4.640 - 4.670
USD/PHP	58.20 - 58.50
USD/THB	35.90 - 36.40

Today's Direction

	Bull	Bear
USD/SGD	2	1
USD/JPY	3	0

Three Take-Aways:

1. While US personal spending showed resilience, the outpacing of income growth warrants caution.
2. Haven USD bids on geo-political risks and strength of oil price increase on China profits to be examined.
3. Vietnam's buoyant economic growth prints alongside rising financial and political stability risks.

Wuthering?

- Last Friday, US equities recovered across the board. The Dow's 1.6% rise led gains on 3M's outperformance while the S&P 500 and Nasdaq rose 1.1%. Risk sentiments appeared to have improved alongside the rally in USTs which saw both 2Y and 10Y yields decline 4.7bps.

- Admittedly, this was in part driven by the rather mild core PCE Price Index outturns for June which rose a modest 0.2% MoM allowing the same 2.6% YoY print as May.

- Critically, the dovish policy inclination was also in view of the undershooting of personal income growth at 0.2% MoM for June was below market expectations of 0.4%, and prior month estimates was also downwardly revised from 0.5% to 0.4%. Furthermore, while personal spending growth at 0.3% MoM was in line with consensus and prior month was upgraded from 0.2% MoM to 0.4% MoM to signal consumption resilience, the outpacing of income growth ought to have one contemplating the strength of tailwinds to risk assets from this brand of soft economic prints.

- Despite the lower UST yields, the Greenback retained traction against most G10 peers.

- The AUD inched higher to above mid-65 cents after taking a battering for most of the week.

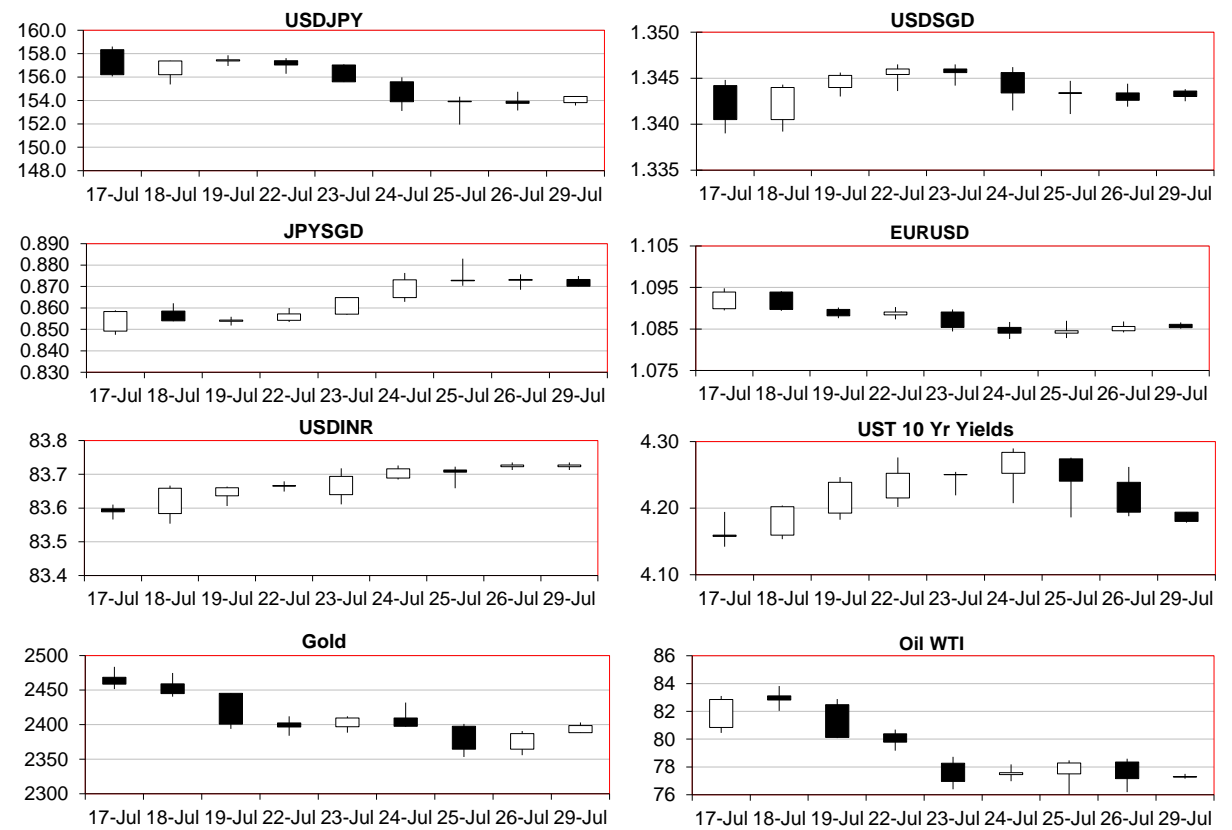
- The EUR continued sideways around mid-1.08 with ECB's Schnabel warning that freight costs and protectionism remain upside inflation risks and that some data wasn't quite in line with expectations.

- Meanwhile, ahead of mid-week BoJ meeting, the USD/JPY ended last week hovering above mid-153. That said, the USD/JPY has risen to above 154 with the USD being afforded haven tailwinds this morning with an rocket attack on Israeli-occupied territory Golan Heights over the weekend already triggering Israeli retaliation of rockets deep inside Lebanon.

OVERNIGHT RESULTS

(JP) Leading Index CI (May F): 111.2 (Prelim:11.1) | (TH) Customs Trade Balance (Jun):\$218m (Mkt: \$600m; \$656m)
 (SG) Industrial Production YoY (Jun): -3.9% (Mkt: -0.1%; May: 2.9%) | (US) Personal Income/Spending (Jun): 0.2%/0.3% (Mkt: 0.4%/0.3%; May: 0.5%/0.2%; revised: 0.4%/0.4%) | (US) PCE Price Index/Core YoY (Jun): 2.5%/2.6% (Mkt: 2.5%/2.5%)
 (US) Uni. Of Michigan Sentiment/Expectations (Jul F): 66.4/68.8 (Mkt: 66.4/67.5; Prelim: 66.0/67.2)
 (US) Uni. Of Michigan 1 Yr/5-10Yr Inflation Expectations (Jul F): 2.9%/3.0% (Mkt: 2.9%/2.9%; Prelim: 2.9%/2.9%)

* Past Two Weeks Movement *



- In the same vein, both gold and Brent crude prices has edged higher. The latter rising to above US\$81/barrel was also likely driven by strong industrial profits in China (+3.6% YoY) released over the weekend. That said, OPEC+ meeting this week will trigger a further reassessment.

Vietnam: Buoyed Growth, Inflation and Risks

- Vietnam's industrial production will likely record another robust print for July following from June's 10.9% Yoy growth as continued imports from Korea in the first 20 days of July point to a humming manufacturing base.

- Furthermore, the 30% bump-up in salaries and pension payouts from the start of July will also buoy retail sales. Admittedly, real effects are milder given reports of upward price adjustments. On that note, headline inflation is likely to remain elevated close to the SBV's 4.5% mark with upward revisions to petrol prices at the start of the month outweighing the subsequent declines and food prices impacted by onset of la Nina conditions.

- Meanwhile, core inflation is likely to remain supported by the boost in purchasing power and robust tourism recovery. Looking ahead, we already see signs of authorities employing measures such as proposals to lower tuition fees being submitted for the new school year which starts in September. While the robust growth and still contained inflation ought to paint a bright outlook, rising NPLs which was quoted to hit 5% of total lending at a recent SBV press conference alongside on-going needs for corporate bond restructuring and also restructuring of Saigon Commercial Bank presents a backdrop of heightened risks.

FX Daily Outlook

- EUR/USD: Geo-political risks aid additional restraint for EUR bulls to test 1.09.
- USD/JPY: JPY bulls look jittering ahead of BoJ and FOMC, buoyancy above 152 retained.
- USD/SGD: China industrial profits to thin air above mid-1.34 rather than test sub-1.34.
- AUD/USD: Consolidation below 66 cents on rising oil prices for now.

TODAY EVENTS

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